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DIRECTORATE OF INTELLIGENCE

# Central Intelligence Bulletin

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<u>UK-Rhodesia</u>: London plans to go to the UN Security Council tomorrow with a sanctions program unlikely either to satisfy tropical African governments or to have significant impact on Rhodesia's economy.

An effective mandatory sanctions program would require the cooperation of South Africa, a development the US Embassy in Pretoria considers most improbable. The embassy believes the Vorster government would try to remain ostensibly neutral if selective sanctions were imposed, but would privately support the Smith regime.

Rhodesia's modest POL needs would constitute only a small drain on South Africa's stockpile. South Africa reportedly now has POL storage facilities sufficient for 12 months at normal rates of consumption and for up to 18 months under rationing. A crash program is under way to provide facilities for three years' supply under rationing.

Both Rhodesia and South Africa could respond to sanctions with effective economic countermeasures against several states, notably Britain and Zambia.

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Iran-USSR: Prospective oil discoveries in northern Iran may provide the USSR with an opportunity to expand its influence in Iranian oil affairs.

Since late this summer, Soviet experts have been exploring for oil in the Iranian offshore area of the Caspian Sea. They have now found promising oil areas in this region and are drilling test wells,

Soviet Minister of Foreign Trade Patolichev is due in Tehran soon for trade talks. The Shah has previously stated that the Soviets have offered to buy Iranian oil at a price equal to or above that paid by the Western oil consortium. Patolichev's visit may result in an agreement on Soviet marketing of oil from the Caspian region.

In the past Iran has been reluctant to allow the Soviets any significant leverage in Iranian oil production, but in recent months the Shah has been seeking additional oil revenues and increased trade with the Eastern bloc. From the Iranian viewpoint, the most attractive deal would be one along the lines of the recent Franco-Iranian agreement, with the Soviets merely acting as agents to exploit the Caspian field for the National Iranian Oil Company.

Some Iranian officials have recently denied that a Soviet-Iranian oil agreement is pending. This may be an attempt to avoid alarming the Western oil consortium before final agreement with its member companies is reached on the Shah's demands for increased production.

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Malaysia: Nearly 100 leaders and members of the clandestine Sarawak Communist Organization were rounded up in a government security sweep on 6 December.

This organization, which poses the major security threat in Sarawak, is almost exclusively Chinese. It has an estimated strength of 1,500-2,000, including 600-800 trained in Indonesia, some of whom are still there.

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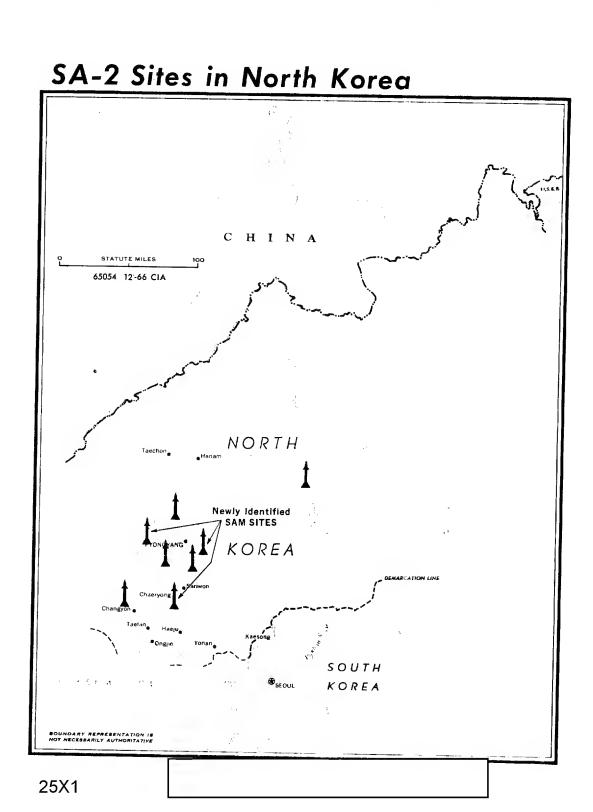
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The arrests have drawn a bitter reaction from Stephan Yong, secretary general of the Sarawak United Peoples Party. Yong charged that the government is using dictatorial means to suppress the opposition. Other elements restive under Kuala Lumpur's rule, particularly those associated with the recently deposed Chief Minister Ningkan, may also join in the criticism of the government's security action.

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## NOTES 25X1 North Korea: Three new SA-2 surface-to-air missile sites have recently been identified in North Korea, two within a 25-mile radius of Pyongyang and a third nine miles southwest of Sariwon. Three other sites have been identified since last April, but only two of North Korea's eight identified sites are known to be operational. The preparation of the additional sites indicates that a program to expand and modernize the North Korean air defense system is under way with Soviet assistance. 25X1

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